

Message Text

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PAGE 01 EC BRU 01480 151835Z
ACTION EUR-12

INFO OCT-01 NEA-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04
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FM USMISSION EC BRUSSELS
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AMEMBASSY ABU DHABI
AMEMBASSY ALGIERS
AMEMBASSY AMMAN
AMEMBASSY BEIRUT
AMEMBASSY CAIRO
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY RABAT
AMEMBASSY SANAA
AMEMBASSY TEL AVIV
AMEMBASSY TUNIS

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E.O. 11652: N/A
TAGS: EEC
SUBJECT: EC COMMISSION SPOKESMAN ON EURO-ARAB DIALOGUE GENERAL
COMMISSION MEETING

REF EC BRUSSELS 545 (NOTAL)

1. EC COMMISSION OFFICIAL HEINZ ANDRESEN, WHO WAS MEMBER OF
EC DELEGATION DURING FEB 10-12 EURO-ARAB DIALOGUE GENERAL
COMMISSION MEETING IN TUNIS, BRIEFED PRESS FEB 14 ON SOME OF
THE ECONOMIC AND COMMERCIAL ASPECTS OF THE GENERAL COMMISSION'S
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PAGE 02 EC BRU 01480 151835Z

DISCUSSIONS. SIGNIFICANT POINTS OF HIS BRIEFING ARE OUTLINED
BELOW.

2. ANDRESEN OPENED HIS REMARKS BY CONVEYING HIS PERSONAL
IMPRESSION THAT THE MEETING WAS A "GREAT TURNING POINT,"
REFERRING SPECIFICALLY TO THE ARAB DECISION TO COMMIT \$15
MILLION FOR FEASIBILITY AND PRE-FEASIBILITY STUDIES OF PROJECTS

WITHIN THE DIALOGUE FRAMEWORK. HE SAID THIS HAD MARKED THE FIRST INSTANCE OF A "POSITIVE ARAB RESPONSE" WHICH INVOLVED "PUTTING MONEY ON THE TABLE." HE SAID THERE HAD BEEN "NO RIGIDITY" ABOUT SPLITTING FINANCING COSTS EQUALLY BETWEEN THE TWO SIDES. HOWEVER, WHEN ASKED WHETHER HE THOUGHT THE EC WOULD MATCH THE ARAB CONTRIBUTION, HE SAID HE CONSIDERED THE PROSPECT UNLIKELY (COMMENT. THE JAN 18 EC FOREIGN MINISTERS COUNCIL - EC BRUSSELS 545 - WAS UNABLE TO OVERCOME FRENCH RESISTANCE BLOCKING A DECISION TO COMMIT 10 MILLION UNITS OF ACCOUNT (MUA), OR APPROXIMATELY \$11 MILLION, FOR FEASIBILITY STUDIES. THE FRENCH INSISTED THAT SUCH FUNDS SHOULD COME OUT OF BUDGETARY ALLOCATIONS FOR AID TO NON-ASSOCIATED DEVELOPING STATES, WHICH THE COUNCIL HAD SET AT 30 MUA. THE EUROPEAN PARLIAMENT SUBSEQUENTLY ADDED 15 MUA TO THIS FIGURE, PART OF WHICH THE FRENCH INSISTED SHOULD BE DIVERTED FOR DIALOGUE FEASIBILITY STUDIES. END COMMENT.)

3. ANDRESEN THEN PROCEEDED TO HIGHLIGHT THREE AREAS OF DISCUSSION WHICH HAD BEEN HEAVILY STRESSED BY THE ARAB LEAGUE REPRESENTATIVES:

A. GUARANTEES FOR PRIVATE INVESTMENT

HE SAID THE TWO SIDES HAD CONFIRMED THEIR INTENTIONS TO NEGOTIATE A CONVENTION ON PROTECTION OF INVESTMENTS BUT ADDED THAT THE EC HAD "TURNED A DEAF EAR" TO ARAB REQUESTS FOR INCLUSION IN SUCH A CONVENTION OF PROTECTION AGAINST MONETARY RISKS (E.G., DEVALUATION, INFLATION AND CURRENCY FLUCTUATION). HE INDICATED THAT, IF THE ARABS CONTINUE TO PRESS SERIOUSLY ON THIS POINT, THERE IS NO CHANCE THE EC CAN AGREE TO SUCH A LIMITED OFFICIAL USE

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PAGE 03 EC BRU 01480 151835Z

CONVENTION.

B. TRANSFER OF TECHNOLOGY

ANDERSEN DESCRIBED TECHNOLOGY TRANSFER AS A "FETISH" FOR THE ARABS. HE SAID THAT THE EC HAD PUT A DECLARATION ON THE TABLE TO THE EFFECT THAT THE COMMUNITY IS PREPARED TO CONSIDER A MECHANISM FOR THE DISSEMINATION OF INFORMATION ON TECHNOLOGY BUT THERE WAS STILL A LACK OF CLARITY IN ARAB THINKING ON THE SUBJECT.

C. TRADE

ACCORDING TO ANDRESEN, THE ARAB STATES WHO ARE NOT PARTIES TO THE LOME CONVENTION NOR COVERED UNDER THE EC'S GLOBAL MEDITERRANEAN POLICY REITERATED THEIR DEMANDS THAT THE EC OFFER THEM A GLOBAL PREFERENTIAL TRADE AGREEMENT AND SAID THEY COULD NOT UNDERSTAND WHY THE EC WOULD NOT GIVE IN ON THIS POINT. HOWEVER, AFTER STRESSING THE POINT IN THEIR OPENING STATEMENT, THE ARABS DID NOT PRESS ON IT DURING SUBSEQUENT DISCUSSIONS BECAUSE, IN

ANDRESEN'S WORDS, "THEY KNEW THE ANSWER WOULD BE NEGATIVE."
ANDRESEN SAID THE EC AGREED TO STUDY AN ARAB PROPOSAL FOR
ESTABLISHING A EURO-ARAB TRADE COOPERATION CENTER BUT THIS
WOULD REQUIRE FURTHER BACK-UP INFORMATION FROM THE ARABS, INCLUDING
SOME INDICATIONS ON FINANCING THE PROJECT.

4. ANDRESEN CONCLUDED HIS REMARKS ON AN OPTIMISTIC NOTE,
OBSERVING THAT THE DIALOGUE HAD NOW ENTERED A "NEW DIRECTION": THE
JOINT WORKING GROUPS COULD PROCEED FROM GENERAL IDEAS TO SPECIFIC
PROJECTS. HINTON

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